

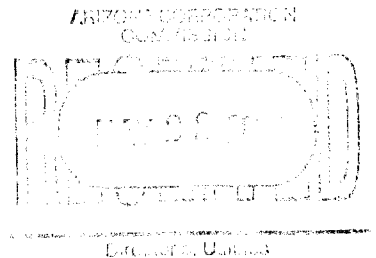
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02235A
Horseshoe Ranch Water Company
P.O. Box 2903
Sierra Vista AZ 856362903

ANNUAL REPORT



*Entered
5/22/03
C.S.M.*

FOR YEAR ENDING

12	31	2002
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FOR COMMISSION USE

<i>ANN04</i>	<i>02</i>
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OK

COMPANY INFORMATION

Company Name (Business Name) <u>Horseshoe Ranch Water Co.</u>		
Mailing Address <u>PO Box 2903</u>		
<u>Sierra Vista</u> (City)	<u>Az</u> (State)	<u>85636-2903</u> (Zip)
<u>(520) 378-3349</u> Telephone No. (Include Area Code)	<u>(520) 378-6549</u> Fax No. (Include Area Code)	<u>(520) 940-3513</u> Pager/Cell No. (Include Area Code)
Email Address <u>wdbbs@c2iz.com</u>		
Local Office Mailing Address <u>Same</u>		
<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u>Same</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Johnny A. McLain</u>		<u>owner</u>	
<u></u> (Name)	<u></u> (Title)		
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			
On Site Manager: <u>Same</u>			
<u></u> (Name)			
<u></u> (Street)	<u></u> (City)	<u></u> (State)	<u></u> (Zip)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
Email Address <u></u>			

Statutory Agent: <u>Johnny A. McLain</u>			
(Name)			
<u>7110 S. Jaxel Rd.</u>	<u>Hereford</u>	<u>Az</u>	<u>85615</u>
(Street)	(City)	(State)	(Zip)
<u>(520) 378-3349</u>	<u>(520) 378-6549</u>	<u>(520) 940-3513</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>N/A</u>			
(Name)			
(Street) (City) (State) (Zip)			
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

<input checked="" type="checkbox"/> Sole Proprietor (S)	<input type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
<input type="checkbox"/> Partnership (P)	<input type="checkbox"/> Subchapter S Corporation (Z)
<input type="checkbox"/> Bankruptcy (B)	<input type="checkbox"/> Association/Co op (A)
<input type="checkbox"/> Receivership (R)	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input checked="" type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME

Horseshoe Ranch Water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	5400	0	0
302	Franchises	1300	0	0
303	Land and Land Rights	5000	2750	2250
304	Structures and Improvements	15000	4750	10250
307	Wells and Springs	8000	8000	0
311	Pumping Equipment <i>Adopt</i>	24299	14087	10212
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	43688	25464	18224
331	Transmission and Distribution Mains	192900	78168	114732
333	Services	31200	15350	15850
334	Meters and Meter Installations	18300	7018	11282
335	Hydrants	5000	0	0
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	8635	7420	1215
340	Office Furniture and Equipment	3534	1510	2024
341	Transportation Equipment	9986	3284	6702
343	Tools, Shop and Garage Equipment	536	118	418
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	4050	2884	1166
346	Communication Equipment	3493	758	2735
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	377321	168561	197060

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Horseshoe Ranch Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	5400	0	0
302	Franchises	1300	0	0
303	Land and Land Rights	5000	5%	250
304	Structures and Improvements	15000		750
307	Wells and Springs	8000	0	0
311	Pumping Equipment <i>2 New 5 HP Pumps 1 Repaired 7.5</i>	21299		1064
320	Water Treatment Equipment	0	0	0
330	Distribution Reservoirs and Standpipes	43688		2184
331	Transmission and Distribution Mains	192900		9645
333	Services	31200		1560
334	Meters and Meter Installations	18300		915
335	Hydrants	5000		250
336	Backflow Prevention Devices	0	0	0
339	Other Plant and Misc. Equipment	8635		431
340	Office Furniture and Equipment	3534		176
341	Transportation Equipment	9986		499
343	Tools, Shop and Garage Equipment	536		26
344	Laboratory Equipment	0	0	0
345	Power Operated Equipment	4050		202
346	Communication Equipment	3493		174
347	Miscellaneous Equipment	0	0	0
348	Other Tangible Plant	0	0	0
	TOTALS	371021		18126

This amount goes on Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME

Horseshoe Ranch Water Co.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 200	\$ 175
134	Working Funds	0	0
135	Temporary Cash Investments	0	0
141	Customer Accounts Receivable	3100	2995
146	Notes/Receivables from Associated Companies	0	0
151	Plant Material and Supplies	0	0
162	Prepayments	0	0
174	Miscellaneous Current and Accrued Assets	0	0
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 3300	\$ 3170
	FIXED ASSETS		
101	Utility Plant in Service	\$ 371019	\$ 377321
103	Property Held for Future Use	0	0
105	Construction Work in Progress	0	0
108	Accumulated Depreciation – Utility Plant	155185	168561
121	Non-Utility Property	0	0
122	Accumulated Depreciation – Non Utility	0	0
	TOTAL FIXED ASSETS	\$ 215834	\$ 208760
	TOTAL ASSETS	\$ 219134	\$ 211730

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Horseshoe Ranch Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 24113	\$ 26200
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	2450	1550
236	Accrued Taxes	est 50,000(not paid)	247(56,000) not paid
237	Accrued Interest	0	14000
241	Miscellaneous Current and Accrued Liabilities	39000	199038
	TOTAL CURRENT LIABILITIES	\$ 56563	\$ 272788
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 0	\$ 0
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ 0	\$ 0
252	Advances in Aid of Construction	0	0
255	Accumulated Deferred Investment Tax Credits	0	0
271	Contributions in Aid of Construction	0	0
272	Less: Amortization of Contributions	0	0
281	Accumulated Deferred Income Tax	0	0
	TOTAL DEFERRED CREDITS	\$ 0	\$ 0
	TOTAL LIABILITIES	\$ 56563	\$ 272788
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 0	\$ 0
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	0	0
218	Proprietary Capital (Sole Props and Partnerships)	(162571)	(6858)
	TOTAL CAPITAL	\$ (162571)	\$ (6858)
	TOTAL LIABILITIES AND CAPITAL	\$ 219134	\$ 211930

COMPANY NAME Horseshoe Ranch Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 66979	\$ 75453.75
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	0	0
	TOTAL REVENUES	\$ 66979	\$ 75453.75
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 550	\$ 500
610	Purchased Water	19723 (not paid)	17306 NOT PAID
615	Purchased Power	3997	4275
618	Chemicals	300	300
620	Repairs and Maintenance	4800	8400
621	Office Supplies and Expense	(see 630)	22500
630	Outside Services	25500	25500
635	Water Testing	1340	1370
641	Rents	1714	1714
650	Transportation Expenses	1400	1400
657	Insurance - General Liability	3430	3600
659	Insurance - Health and Life	1544	1544
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	2500	2500
403	Depreciation Expense	22567	19126
408	Taxes Other Than Income	0	0
408.11	Property Taxes	516000 (not paid)	2056000 NOT PAID
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 95369	\$ 76505
	OPERATING INCOME/(LOSS)	\$ (28390)	\$ (5949)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	0	0
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ (28390)	\$ (5949)

COMPANY NAME

Horseshoe Ranch Water Co.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 1550

Meter Deposits Refunded During the Test Year

\$ 1750

COMPANY NAME

Horseshoe Ranch Water Co.

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
N/A						

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
80554 Cochise Water Co.	30	
55095 Cochise Water Co.	80	
55085 Cochise Water Co.	30	

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	ON - ONE	N/A
7.5	1		
5	1		
5	1	OFF - TWO	N/A

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	5000	1
10,000	1		
38,000	1		

COMPANY NAME

HORSEHOE RANCH WATER

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	11,080
3	PVC	11,600
4	PVC-AC	10,150
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	101
3/4	80
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NA

STRUCTURES:

STORAGE STRUCTURE

OTHER:

ONE WELL OFF LINE, TWO STORAGE SITES
THREE STORAGE TANKS, AND FENCING, MISC.

COMPANY NAME: HORSESHOE RANCH water

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	187	947 750	0
FEBRUARY	187	985 720	0
MARCH	188	1102 740	0
APRIL	187	986 430	0
MAY	187	1789 330	0
JUNE	190	1282 380	0
JULY	187	1725 520	0
AUGUST	187	1784 254	0
SEPTEMBER	186	1143 440	0
OCTOBER	184	1470 930	0
NOVEMBER	181	1431 550	0
DECEMBER	190	914 580	0
TOTAL		N/A	0

15543630^{cm}

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.001 mg/l

(If more than one well, please list each separately)

0.001

0.001

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME HERSSHOE RANCH WATER YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ ~~0~~

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. INADEQUATE INCOME

COMPANY NAME HOBBSESHOE WATER YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (59,199)
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported (59,199)
Estimated or Actual State Tax Liability 0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

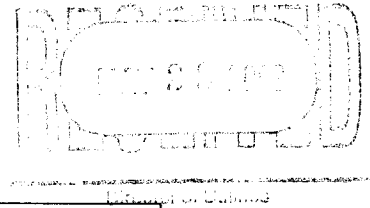

SIGNATURE

12-30-02
DATE

HARRY A McLEAN
PRINTED NAME

owner
TITLE

VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only



VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Cochise
NAME (OWNER OR OFFICIAL) TITLE	Johnny A. McLain
COMPANY NAME	Horseshoe Ranch Water Co.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 754,522

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 114,760
IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Johnny A. McLain
SIGNATURE OF OWNER OR OFFICIAL
520-378-6549
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

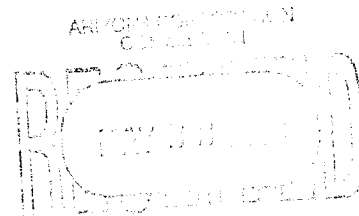
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

9 DAY OF
MAY
(SEAL)
MY COMMISSION EXPIRES 9-9-2004

COUNTY NAME	Cochise
MONTH	May 20 03
<i>Michael Martin</i> SIGNATURE OF NOTARY PUBLIC	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) <u>Cochise</u>	
NAME (OWNER OR OFFICIAL) <u>Johnny A. McLain</u>	TITLE <u>Owner</u>
COMPANY NAME <u>Horseshoe Ranch Water Co.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>75,452</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 4,426
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Johnny A. McLain
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

9

DAY OF

(SEAL)

MY COMMISSION EXPIRES

9-9-04

NOTARY PUBLIC NAME <u>Michelle Martin</u>	
COUNTY NAME <u>COCHISE</u>	
MONTH <u>May</u>	20 <u>03</u>

X Michelle Martin
SIGNATURE OF NOTARY PUBLIC